

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Year Ended December 31, 2023
And Auditors’ Report**

Contents	Page
Auditors' Report	-
Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6-69



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditors' Report **To the Shareholders of Sixth of October** **for Development and Investment Company "SODIC"**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Hazem Hassan

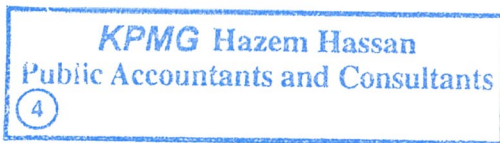
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo February 5th, 2024



Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of financial position as at

EGP	Note No.	31 December 2023	31 December 2022
Non-current assets			
Property, plant, equipment	(25)	680 881 965	739 191 488
Projects under construction	(26)	171 350 925	144 678 430
Investment properties under development	(27)	875 213 535	838 790 791
Investments in associates and joint ventures	(28)	-	-
Investment properties	(29)	387 485 576	412 309 560
Right of use - Assets	(30-1)	63 327 176	37 914 294
Trade and notes receivable	(20-2)	3 960 337 054	2 308 758 677
Debtors and other debit balances	(21-2)	-	2 912 656
Deferred tax assets	(15)	497 722 579	386 326 614
Total non-current assets		6 636 318 810	4 870 882 510
Current assets			
Inventory	(17)	29 484 710	23 270 294
Completed units ready for sale	(18)	1 090 386 404	1 191 439 907
Works in process	(19)	17 571 221 017	15 170 646 943
Trade and notes receivable	(20-1)	2 754 416 839	1 737 317 135
Debtors and other debit balances	(21-1)	7 973 372 209	4 489 345 574
Loans to joint ventures	(22)	-	-
Financial investments at amortized cost	(23)	784 485 236	1 211 832 617
Cash and cash equivalents	(24)	1 875 574 106	1 689 973 628
Total current assets		32 078 940 521	25 513 826 098
Total assets		38 715 259 331	30 384 708 608
Equity			
Issued & paid in capital	(31-1)	1 424 789 472	1 424 789 472
Legal reserve	(31-2)	224 840 771	224 840 771
Special reserve - share premium	(31-3)	1 483 154 057	1 483 154 057
Retained earnings		5 488 021 516	4 115 008 326
Profit from sale of treasury shares	(32)	1 725 456	1 725 456
Equity attributable to equity holders of the Company		8 622 531 272	7 249 518 082
Non-controlling interests	(33)	61 168 199	61 608 729
Total equity		8 683 699 471	7 311 126 811
Non-current liabilities			
Loans	(34)	2 052 606 780	2 547 642 603
Creditors and notes payable	(36)	529 768 516	705 999 840
New Urban Communities Authority	(37)	4 843 558 916	4 102 748 823
Land acquisition creditors	(38)	1 182 618 117	1 244 282 131
Lease contracts liabilities	(30-2)	42 981 970	28 284 851
Total non-current liabilities		8 651 534 299	8 628 958 248
Current liabilities			
Banks facilities	(35)	693 677 735	250 623 193
Loans	(34)	478 270 271	365 353 813
Advances - from customers	(39)	12 428 609 713	8 700 395 827
Contractors, suppliers and notes payable	(40)	590 300 242	456 745 290
Income tax liabilities		548 830 336	362 203 618
New Urban Communities Authority	(37)	345 665 850	263 159 777
Land acquisition creditors	(38)	61 664 013	34 853 101
Creditors and other credit balances	(41)	4 287 595 852	2 877 666 883
Lease contracts liabilities	(30-2)	24 718 517	10 209 528
Provisions	(42)	1 920 693 032	1 123 412 519
Total current liabilities		21 380 025 561	14 444 623 549
Total liabilities		30 031 559 860	23 073 581 797
Total equity and liabilities		38 715 259 331	30 384 708 608


* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Financial Director



Mohamed Samir

Group Financial
Controller



Ahmed Hegazi

Chief Financial
Officer



Ashraf Namdar

General Manager



Ayman Amer

"Auditors' report attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

**Consolidated statement of profit or loss
for the financial year ended December 31,**

EGP	Note No	2023	2022
Revenues			
Real estate sales	(6)	9 650 311 036	7 249 491 782
Revenues of services of managing cities and resorts		489 920 463	406 335 082
Revenues of investment property		63 771 266	54 366 337
Revenues from clubs and golf course		125 988 457	100 685 590
Total operation revenues		10 329 991 222	7 810 878 791
Cost of sales			
Cost of real estate sold	(7)	(6 135 556 244)	(4 994 104 964)
Costs of services of managing cities and resorts		(408 676 573)	(327 311 618)
Costs of investment property		(36 605 382)	(30 162 206)
Cost of clubs and golf course		(181 394 072)	(267 513 991)
Total operation costs		(6 762 232 271)	(5 619 092 779)
Gross profit		3 567 758 951	2 191 786 012
Other operating revenues	(8)	158 185 156	115 102 992
Selling and marketing expenses	(9)	(750 662 189)	(798 367 326)
General and administrative expenses	(10)	(919 878 956)	(793 190 413)
Other operating expenses	(11)	(102 946 973)	(40 975 052)
Expected credit losses	(12)	(89 475 789)	(24 366 767)
Operating profit		1 862 980 200	649 989 446
Finance income	(13)	409 004 652	317 690 604
Finance cost	(14)	(452 929 389)	(257 315 994)
Net finance (cost) / income		(43 924 737)	60 374 610
Net profit before tax		1 819 055 463	710 364 056
Income tax	(15)	(440 238 159)	(185 207 991)
Net profit for the year		1 378 817 304	525 156 065
Attributable to:			
Equity holders of the Company		1 373 013 190	520 057 733
Non-controlling interests	(33)	5 804 114	5 098 332
Net profit for the year		1 378 817 304	525 156 065
Earnings per share (EGP / Share)	(16)	3.85	1.46

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of comprehensive income
for the financial year ended December 31,

EGP	Note <u>No</u>	2023	2022
Net profit of the year		1 378 817 304	525 156 065
Total other comprehensive income items for the year after income tax		-	-
Total comprehensive income of the year		<u>1 378 817 304</u>	<u>525 156 065</u>
Total comprehensive income is attributable to:			
Equity holders of the company		1 373 013 190	520 057 733
Non-controlling interests	(33)	<u>5 804 114</u>	<u>5 098 332</u>
Total comprehensive income for the year		<u>1 378 817 304</u>	<u>525 156 065</u>

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
for the financial year ended on December 31, 2023

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Profit from selling of treasury shares	Total	Non-Controlling interests	Total equity
Balance as at January 1, 2022	1 424 789 472	224 840 771	1 483 154 057	3 599 475 037	1 725 456	6 733 984 793	63 860 164	6 797 844 95
Total comprehensive income								
Profit for the year	-	-	-	520 057 733	-	520 057 733	5 098 332	525 156 06
Other comprehensive income items	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	520 057 733	-	520 057 733	5 098 332	525 156 06
Transactions with owners of the Company								
Dividends to employees in subsidiaries	-	-	-	(4 524 444)	-	(4 524 444)	-	(4 524 444)
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	(7 349 767)	(7 349 767)
Total transactions with owners of the Company	-	-	-	(4 524 444)	-	(4 524 444)	(7 349 767)	(11 874 211)
Balance as at December 31, 2022	1 424 789 472	224 840 771	1 483 154 057	4 115 008 326	1 725 456	7 249 518 082	61 608 729	7 311 126 81
Balance as at January 1, 2023	1 424 789 472	224 840 771	1 483 154 057	4 115 008 326	1 725 456	7 249 518 082	61 608 729	7 311 126 81
Total comprehensive income for the year								
Profit for the year	-	-	-	1 373 013 190	-	1 373 013 190	5 804 114	1 378 817 30
Other comprehensive income items	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1 373 013 190	-	1 373 013 190	5 804 114	1 378 817 30
Transactions with owners of the Company								
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	(6 244 644)	(6 244 644)
Total transactions with owners of the Company	-	-	-	-	-	-	(6 244 644)	(6 244 644)
Balance as at December 31, 2023	1 424 789 472	224 840 771	1 483 154 057	5 488 021 516	1 725 456	8 622 531 272	61 168 199	8 683 699 47

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the financial year ended December 31,

EGP	Note No	2023	2022
<u>Cash flows from operating activities</u>			
Profit for the year before tax		1 819 055 463	710 364 056
<u>Adjustments for:</u>			
Depreciation of fixed assets, investment properties and right of use assets	(25) + (29) + (30)	139 715 359	129 612 729
Loss/ (gain) on sale of property, plant and equipment	(11)	391 163	(192 603)
Interest on lease contract liabilities	(14)	7 784 947	4 196 780
Net return on investments at amortized cost		(187 557 337)	(81 768 303)
Reversal of impairment of property, plant and equipment	(8)	(1 822 590)	(1 822 590)
(Gain) on disposal of right of use		(924 868)	(4 389 206)
<u>Changes in:</u>			
Inventory		(6 214 416)	(4 770 965)
Completed units ready for sale		828 081 922	84 590 931
Works in process		(2 027 232 246)	644 680 702
Trade and notes receivables		(2 668 678 081)	(1 533 654 860)
Debtors and other debit balances		(3 479 917 118)	(1 069 790 677)
Loans to joint ventures	(22)	-	-
Provisions formed	(42)	1 570 481 784	898 189 237
Provisions no longer required	(42)	(100 991 234)	-
Provisions used	(42)	(672 210 036)	(328 643 677)
Advances from customers		3 209 056 608	1 779 862 851
Contractors, suppliers and notes payable		(42 676 372)	(463 243 099)
Creditors and other credit balances & NUCA		1 535 744 102	272 803 186
Paid income tax		(366 204 269)	(449 124 891)
Dividends to employees and BOD of Subsidiaries		-	(4 524 444)
Restricted cash		542 831	(7 267 656)
Net cash (used in) / generated from operating activities		(443 574 388)	575 107 501
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment and projects under construction		(59 320 385)	(64 225 622)
Payments for investments properties under development		(16 356 271)	(205 105 507)
Payments for investments at amortized cost		(4 624 620 560)	(3 394 154 609)
Proceeds from investments at amortized cost		5 308 478 556	2 595 508 560
Proceeds from sale of property, plant and equipment		201 164	324 155
Net cash generated from / (used in) investing activities		608 382 504	(1 067 653 023)
<u>Cash flows from financing activities</u>			
Proceeds from loans and facilities		1 028 589 846	1 931 801 807
Paid to loans and facilities		(976 162 611)	(1 310 936 662)
Payment for operating lease contracts liabilities		(24 847 398)	(21 318 360)
Dividends to non-controlling interests		(6 244 644)	(7 349 767)
Net cash generated from financing activities		21 335 193	592 197 018
Net increase in cash and cash equivalents		186 143 309	99 651 496
Cash and cash equivalents at January 1		1 675 508 145	1 574 658 818
Effect of movement in expected credit loss on cash and cash equivalents	(12)	6 515 805	1 197 831
Cash and cash equivalents at December 31	(24)	1 868 167 259	1 675 508 145

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
for the financial year ended December 31, 2023

1. Background and activities

1-1 Sixth of October for Development and Investment Company “SODIC”– An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

1-2 The purpose of the Company is represented in the following:

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction, and supplementary works.
- Planning, dividing, and preparing lands for building and construction according to modern building techniques.
- Building, selling, and leasing all various types of real estate.
- Developing and reclaiming land in new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing –residential, service, commercial, industrial and tourism projects.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.

Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

1-3 The Company's duration is 50 years starting from the date of registration in the Commercial Registry.

1-4 The Company is listed on the Egyptian Exchange.

1-5 The consolidated financial statements of Sixth of October for Development & Investment Company “SODIC” (the Parent Company) for the financial year ended December 31, 2023, comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Talal Al Dhiyebi is the Chairman of the Parent Company and Mr. Ayman Amer, is the General Manager of the Parent Company.

2. Basis of preparation of consolidated financial statements

Compliance with accounting standards and laws

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on February 5, 2024.
- Details of the Group’s accounting policies are included in Note (52).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

3. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.
- Financial assets and liabilities recognized at amortized costs.

4. Functional and presentation currency

- The consolidated financial statements are presented in Egyptian Pounds, which is the Group's functional currency.

5. Use of judgment and estimates

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition

Revenue is recognized as detailed in the accounting policies applied.

- Equity-accounted investees and associates Companies:

Determining whether the Group has significant influence over Companies and investees.

- Review of contractual agreements

The management reviews its judgmental assumptions and estimates, including what used in determining the extent to which the Group enjoys absolute or joint control or influential influence over the investee companies whenever a material event or an effective amendment occurs to the terms contained in its contractual agreements.

- Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of assets as set out in EAS 2, EAS 49, and EAS 10, and in particular, the intended usage of property as determined by management.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- **Lease contract classification - Group as lessor**

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

- **Recognition of current and deferred tax assets and liabilities and their measurement**

Income taxes, whether current or deferred, are determined by each subsidiary of the Group in accordance with the tax law requirements of each country in which the subsidiary of the Group operates.

The Group's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the year, the Group record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current year and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Group.

- **Incremental Borrowing Rates (IBRs) applied in right of use calculation**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

B- Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provisions and contingent liabilities

- Management assess events and circumstances that might led to a commitment on the Group's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Group and estimate the future cash outflows and timing to settle this obligation, in addition, selecting the method which enable the management to measure the value of the commitment reliably.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- **Calculation of loss allowance**

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

- **Estimation of net realizable value for inventory, and work in progress**

Inventory, and properties classified under work in progress are stated at the lower of cost or net realizable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting year. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same market serving the same real estate segment.

NRV in respect of work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

- **Impairment of property, plant and equipment and projects under construction**

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which takes into account the fair value of the property under consideration. The fair value of Club Houses properties and fixed assets classified under property, plant and equipment is determined by an independent expert.

The recoverable amount is determined using fair value model.

The fair values are compared to the carrying amounts to assess any probable impairment.

- **Useful lives of property, plant and equipment and intangible assets**

Management reviews the residual values and estimates useful lives of property, plant and equipment and intangible assets at the end of each annual reporting year. Management determined that the current year's expectations do not differ from previous estimates based on its review.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

C- Measurement of fair values

Certain number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments
- Club S.

6. Real estate sales

The Group's operations are considered to fall into one broad class of business, sale of real estate units and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Revenues from the sale of Sodic projects in West Cairo	4 314 224 051	1 495 986 888
Revenues from the sale of Sodic projects in East Cairo	5 405 907 761	5 518 199 369
Revenues from the sale of Sodic projects in North Coast	91 885 009	292 313 772
	9 812 016 821	7 306 500 029
Sales return	(14 066 143)	-
	9 797 950 678	7 306 500 029
Interest income realized from installments	549 033 135	251 430 581
Discount for early payment	(696 672 777)	(308 438 828)
	9 650 311 036	7 249 491 782

- Includes an amount of EGP 607 527 151 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

7. Cost of real estate sold

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Cost of sales of Sodic projects in West Cairo (*)	2 550 951 078	776 027 557
Cost of sales of Sodic projects in East Cairo	3 591 411 269	3 577 665 888
Cost of sales of Sodic projects in North Coast	20 943 327	98 023 625
	6 163 305 674	4 451 717 070
Cost of sales returns	(6 402 547)	-
	6 156 903 127	4 451 717 070
Reversal of onerous contracts – provision (**)	(97 491 234)	97 491 234
Write-down to NRV in WIP (**)	76 144 351	444 896 660
	6 135 556 244	4 994 104 964

- Includes an amount of EGP 607 527 151 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

(*) Includes an amount of EGP 121 116 144 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (19).

(**) AS a result of re-measuring the net realizable value of the work in progress as of the financial position date, the cost of real estate sold includes write down to NRV amounting to EGP 76.14 million and reversal of onerous contracts losses amounting to EGP 97.49 million.

As the Egyptian market witnessed a significant increase in inflation rates during the last quarter of 2022 and the during the financial year ended December 31, 2023, due to the increase in interest rate at banks and the significant raise of the foreign currency exchange rates against the Egyptian Pound.

8. Other operating revenues

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Cancellations and delay penalties	105 488 779	88 442 522
Grant revenue	11 000 398	-
Gain on sale of Property, Plant, and Equipment	-	192 603
Reversal of impairment of property, plant and equipment	1 822 590	1 822 590
Go Smart revenue	7 666 145	6 585 019
Provisions no longer required	3 500 000	-
Income from termination of lease contracts	924 868	4 389 206
Other income	27 782 376	13 671 052
	158 185 156	115 102 992

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

9. Selling and marketing expenses

	<u>2023</u> <u>EGP</u>	<u>2022</u> <u>EGP</u>
Salaries and wages	75 408 604	70 169 767
Sales commissions	365 554 143	271 652 096
Advertising	220 402 244	293 498 509
Exhibitions, conferences, and events	3 157 836	60 501 436
Rent	10 267 340	3 647 976
Maintenance, security, cleaning, and agriculture	6 308 696	15 558 880
Travel, transportation, and cars	3 760 199	2 247 034
Professional and consultants' fees	17 733 105	23 974 149
Programs and computer supplies	11 512 464	10 555
Tips and gifts	815 248	12 922 453
Fixed assets depreciation and amortization of right of use assets	18 611 107	17 516 217
Employees vacations	-	1 349 174
Fees, stamps and licenses	3 807 788	4 579 929
Printing and photocopying	1 244 066	2 326 317
Communication, electricity, telephone, and water	4 993 757	3 119 410
Other	7 085 592	15 293 424
	<u>750 662 189</u>	<u>798 367 326</u>

10. General and administrative expenses

	<u>2023</u> <u>EGP</u>	<u>2022</u> <u>EGP</u>
Salaries, wages, and bonuses	370 948 074	313 425 196
Board of Directors' remunerations and allowances	14 000 000	13 000 000
Medical care, training, meals & uniforms	27 765 884	32 640 674
Specific employee's benefits	1 451 494	13 164 776
Maintenance, security, cleaning, and agriculture	139 785 303	148 483 755
Professional and consultancy fees	131 482 884	89 173 899
Exhibitions, and conferences	1 082 359	4 211 651
Donations	6 937 600	4 894 600
Gifts and tips	4 205 257	4 236 277
Fixed assets depreciation and amortization of right of use	24 240 286	21 486 672
Reception and hospitality	6 842 195	2 721 786
Programs and computer supplies	71 014 135	29 974 709
Stationery and printing supplies	2 129 191	2 308 333
Communication, electricity, telephone, and water	21 486 435	7 560 545
Subscriptions and governmental dues	13 718 526	40 523 432
Rent	5 587 672	6 466 708
Travel and transportation	6 372 311	8 033 281
Bank charges	10 372 970	5 632 673
Employees vacations	5 299 540	4 601 515
Insurance installments	4 744 267	2 602 180
Tafakul contribution	25 953 345	19 160 108
Other	24 459 228	18 887 643
	<u>919 878 956</u>	<u>793 190 413</u>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

11. Other operating expenses

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Provision for claims	101 697 653	39 896 409
Discount for early payment - maintenance expenses	781 681	1 078 643
Liquidation losses	76 476	-
Loss on disposal of Property, Plant, and Equipment	391 163	-
	102 946 973	40 975 052

12. Expected credit losses

	Balance in 31/12/2022	Movement during the year	Balance in 31/12/2023
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Loans to joints ventures	208 204 153	1 864 955	210 069 108
Cash at banks	1 443 825	6 515 805	7 959 630
Financial investments at amortized cost	3 130 930	(3 130 930)	-
Trade and notes receivable	29 300 217	35 052 993	64 353 210
Debtors and other debit balances	109 040 587	49 172 966	158 213 553
	351 119 712	89 475 789	440 595 501

- The Group applied the Prime Minister's Decree No. (4575) of 2023 that was issued amending some provisions of the Egyptian Accounting standards, by exempting debt instruments issued by the Egyptian government in local currency at banks operating in Egypt with a maturity of one month or less from recognizing and measuring the expected credit loss starting from the date of the financial position.

13. Finance income

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Interest income	109 071 005	89 816 822
Return on investment at amortized cost	187 557 337	81 768 303
Foreign exchange gains from balances denominated in foreign currencies (*)	94 030 441	146 034 979
Securitization profits	18 345 869	70 500
	409 004 652	317 690 604

- (*) As the Group has a surplus of foreign currencies at the date of the financial position, the Group realized gain from foreign exchange from balances dominated in foreign currencies because of the increase in the exchange rate of the USD against the EGP during the year from EGP 24.68 /USD to EGP 30.75 /USD at the date of the financial position.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

14. Finance cost

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Interest expense	445 144 442	253 119 214
Interest on lease contracts	7 784 947	4 196 780
	<u>452 929 389</u>	<u>257 315 994</u>

15. Income tax

A- Items recognized in the profit or loss

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Current income tax expense	551 008 720	364 203 408
Dividends tax	625 403	4 704 378
Deferred income tax expense / (benefit)	(111 395 964)	(183 699 795)
	<u>440 238 159</u>	<u>185 207 991</u>

B- Deferred tax assets and liabilities movement
December 31, 2023

	Balance as at 1/1/2023	Charged to profit or loss	Balance as at 31/12/2023		
	asset / (liability)	loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment	(4 429 907)	2 632 007	-	(1 797 900)	(1 797 900)
Foreign exchange differences	(27 897 382)	(1 023 585)	-	(28 920 967)	(28 920 967)
Provisions	351 136 622	178 246 520	529 383 142	-	529 383 142
EAS application differences	(1 130 444)	188 748	-	(941 696)	(941 696)
Carry forward losses	68 647 725	(68 647 725)	-	-	-
	<u>386 326 614</u>	<u>111 395 965</u>	<u>529 383 142</u>	<u>(31 660 563)</u>	<u>497 722 579</u>

December 31, 2022

	Balance as at 1/1/2022	Charged to profit or loss	Balance as at 31/12/2022		
	asset / (liability)	loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment	(1 087 443)	(3 342 464)	-	(4 429 907)	(4 429 907)
Foreign exchange differences	(5 915 344)	(21 982 038)	-	(27 897 382)	(27 897 382)
Provisions	119 326 468	231 810 154	351 136 622	-	351 136 622
EAS application differences	(1 050 162)	(80 282)	-	(1 130 444)	(1 130 444)
Carry forward losses	91 353 300	(22 705 575)	68 647 725	-	68 647 725
	<u>202 626 819</u>	<u>183 699 795</u>	<u>419 784 347</u>	<u>(33 457 733)</u>	<u>386 326 614</u>

- C- Liability for temporary differences related to investments in subsidiaries, associates and joint ventures were not recognized because the group controls the timing of the reversal of the related temporary differences and is satisfied that they will not reverse in the foreseeable future.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

D- Reconciliation of effective income tax rate

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Profit before income tax	1 819 055 463	710 364 057
Tax rate	22.50%	22.50%
Income tax using the domestic corporation tax rate	409 287 479	159 831 913
Spécial tax pool (financial investment at amortized cost)	22 538 339	10 960 022
Non- deductible (income) / expenses	11 360 468	(6 997 321)
Deductible temporary differences not recognized as deferred tax assets	-	17 900 528
Differences in amortization and interest on lease obligations	(2 632 007)	3 433 224
Other tax adjustments	(316 120)	79 625
Tax as per consolidated income statement	440 238 159	185 207 991
Effective tax rate	24.20%	26.07%

E- Unrecognized deferred tax assets

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Temporary deductible differences	239 386 762	134 848 355
Tax losses carried forward	3 156 000	16 990 905
	242 542 762	151 839 260

Deferred tax assets have not been recognized in respect of the above-mentioned items because of uncertainty associated with the taxable profit to cover these tax assets.

16. Earnings per share

A- Consolidated earnings per share

Earnings per share as of December 31, 2023, is calculated based on the Group's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Net profit for the year (parent company share)	1 373 013 190	520 057 733
Employees share of profit	-	-
Employees and board of directors share in subsidiaries and Associates' companies	-	-
	1 373 013 190	520 057 733
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
Earnings per share (EGP / share)	3.85	1.46

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

B- Separate earnings / (loss) per share

Earnings / (loss) per share as at December 31, 2023, is calculated based on the Parent Company's share in earnings / (loss) for the year according to the separate financial statements using the weighted average number of outstanding shares during the year as follows:

	2023	2022
	<u>EGP</u>	<u>EGP</u>
Net profit / (loss) for the year	456 360 065	(477 689 474)
Employees share of profit	-	-
	456 360 065	(477 689 474)
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
Gain / (loss) per share (EGP / share)	1.28	(1.34)

17. Inventory

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Maintenance, operation, and communication supplies	29 484 710	23 270 294
	29 484 710	23 270 294

18. Completed units ready for sale

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Cost of completed units	1 090 386 404	1 191 439 907
	1 090 386 404	1 191 439 907

19. Work in process

This item represents the total costs related to works currently being undertaken. Details of these works are as follows:

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
West Cairo projects costs (19-1)	10 633 702 544	8 593 547 640
East Cairo projects costs	3 316 668 739	4 707 280 157
North Coast projects costs (19-2)	3 620 849 734	1 869 819 146
	17 571 221 017	15 170 646 943

- Includes an amount of EGP 1 326 733 324 representing the value of capitalized interest on installments collected from customers.
- The balance includes write down losses to NRV as of December 31, 2023 with an amount of EGP 535.4 million (EGP 484.8 million as of December 31, 2022) as The Egyptian market witnessed a significant increase in inflation rates during the last quarter of 2022, and during the financial year ended December 31, 2023, due to the increase in interest rate at banks and the significant raise of the foreign currency exchange rates against the Egyptian Pound. Accordingly, the Group's management decided to re-measure the net realizable value of the work in progress.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

(19-1) West Cairo projects costs

A- Al Yosr for Projects and Agricultural Development ("Al Yosr"), SODIC's fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority ("NUCA") with respect to the 300-acre plot of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the presidential decree number 77 of 2017. The letter informs Al Yosr of NUCA's Board of Directors decision regarding the payment required to be made by landowners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built-up area within the limits of Republican Resolutions (77-230 of 2017). In consideration for the above Al Yosr will make an in-kind payment of 50% of the land.

On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above-mentioned plot in return for delivering infrastructure to the plot and change the land usage from agricultural to residential, On August 17, 2019 the project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on 29 September 2019 under the name of The Estates.

B- The balance includes the net present value of the plot of land previously ceded to the New Urban Communities Authority referred to above in paragraph (A) with an amount of EGP 1.24 billion in addition the company paid the value of administrative expenses and the Board of Trustees amounting to EGP 18.54 million .On September 1, 2021, the New Urban Communities Authority approved the request submitted by the one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority with an area of 123.38 acres, equivalent to 518.329,62 square meters see Note (36).

On 6 April 2022, the New Urban Communities Authority sent a letter to amend the area of the plot of land from 123,387 acres to 115.34, equivalent to 484.559,15 square meters, along with the adjustment of the installments and interest values according to the new area. The value of the land has been adjusted according to the contract annex in May 2022 to be EGP 1 155 673 572, and the total land area allocated to the Company became 265.34 acres.

C- The balance includes approximately EGP 76 million representing the present value at inception of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

D- On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 464.81 acres (previously 500 acres) under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 11.356 billion .The co-development contract annex was signed on June 27, 2022.

The balance includes an amount of EGP 5 496 056 363 representing the net present value of the project's minimum land payments for the 464.81 acres (previously 500 acres) in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the Urban Communities Authority

(19-2) North Cost projects costs

(19-2-1) On March 8, 2018, one of the subsidiaries signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:

- Contract signed with Owners Union – Shahin for the land plot of approximately 111 acres (the first plot).
- Contract signed with the Alammara Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

Accordingly, SODIC at its own expense and under its responsibility will implement, finance, market and sell the units of the two projects and all its inclusions and components, in addition to providing

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue according to the defined percentages in the contract for each component of the project.

According to the first plot's contract the Company paid an amount of EGP 30 million which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.

On August 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above-mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from August 4, 2018.

The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until December 31, 2020 amounted to EGP 52.6 million.

- According to the Presidential Decree No. 361 of 2020, Malaaz project land subordination has transferred to the New Urban Communities Authority, which in turn amended the Master plan of the entire North Coast. Accordingly, the project land which was being prepared for Malaaz project were affected by the new plans.
- On August 25, 2021, a new co-development contract was concluded between the Tabrouk Development Company and the Owners Union – Shahin, amending the previous contract to include the area of land belonging to Owners Union – Shahin after increasing it to 1 182 004 sq according to the new Master plan for the North Coast and as per the contract signed between the Owners Union – Shahin and the New Urban Communities Authority on September 12, 2021.

Under the new co-development contract, Tabrouk Company at its expense, is responsible to develop all the components of the project, including the internal infrastructure and facilities, except for the licensing and construction of 200 hotel rooms, including internal facilities and infrastructure, with the commitment of Tabrouk Company, to deliver the facilities to The boundaries of the hotel plot.

The land cost as per the new co-development contract is as follows:

- a. A fixed payments with a total amount of EGP 2 659 509 000 to be paid over 24 equal semi-annual installments of EGP 110 812 875 each.
- b. A variable cost representing the Owners Union – Shahin's percentage of the project's revenues as per the terms of the contract.

The balance due on the Owners Union – Shahin that was included in the work in progress as the variable consideration for the land of the Malaaz project amounted to EGP 52.8 million has been reclassified as debtors and other debit balances (long/short-term) as this amount will be recovered from the Owners Union – Shahin's percentage in the revenues The project mentioned in item (b) above, over 8 consecutive quarterly installments of EGP 6 596 223 each, starting from the third quarter of 2021 until full payment.

The present value of the fixed payments of EGP 1 341 330 904 referred to in (a) above has been recorded as work-in-progress, as for the variable consideration mentioned in (b) above will be recorded as work-in-progress upon payment.

- (19-2-2)** The balance include an amount of EGP 564 million the present value of the back plot of Ceasar project as the Group has previously paid an amount of EGP 61.5 million to the Governorate of Marsa Matrouh as an advance to acquire the back plot of Ceasar project with an area of 85 acres, The Governorate of Marsa Matrouh refused to issue a contract as a result the Group filed a lawsuit.

The jurisdiction over the land was changed according to presidential Decree No. 361 of 2020 to the New Urban Communities Authority and the company is currently in negotiations with the Authority to acquire this parcel of land.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

On June 26, 2022, the Group signed the minutes of the meeting with the inventory and negotiation committee, which decided to raise the matter in obtaining the back plot of land with an area of 126.02 acres to the main real estate committee to consider approval of dealing with the Group, provided that the Group's commits to the conditions listed in the committee's decision, which includes paying 5% of the specified value of EGP 370.5 million within a month of its date, until the approval of the Real Estate Committee. The decision of the Main Real Estate Committee was issued on September 4, 2022, to assign the back plot area of 129.2 acres to the Group, and to claim the remaining unpaid value of the advance payment which is determined as 10% of the total updated value of the back plot land at EGP 374.23 million.

On May 15, 2023, the Group signed the minutes of meeting of negotiation with the New Urban Communities Authority to acquire a plot of land of approximately 180 acres, which is an extension of its "Caesar" project on the north coast, and considering the paid amounts as a down payment due to the change in the plot area from 129.2 acres to approximately 180 acres with a total amount of EGP 807.5 million including interests .

On August 1st, 2023 the contract was signed with the New Urban Communities Authority, and the remaining down payment amount was paid, the rest of the price and interests will be paid over 10 consecutive semi-annual installments (Note 37-B)

(19-2-3) On July 11, 2023, the company (as a real estate developer) signed a land contract with Al-Safi Real Estate Development Company and one of its related parties (as owner) to establish, develop and develop a tourist residential project for two adjacent plots of land with a total area of approximately 440 acres on the North Coast near the Caesar project at kilo 83 Alexandria/Marsa Matrouh road with a façade on the sea of more than 800 meters, with no financial impact as of December 31, 2023 and the necessary measures are being taken to receive the land.

20. Trade and notes receivable

20-1 Trade and notes receivable current

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Trade receivable	239 586 600	232 833 893
Notes receivable – units *	2 711 483 483	1 577 774 583
Notes receivable - others	22 287 124	21 288 697
	2 973 357 207	1 831 897 173
Unamortized interest – notes receivable	(190 893 298)	(78 540 616)
	2 782 463 909	1 753 356 557
Expected credit losses	(28 047 070)	(16 039 422)
	2 754 416 839	1 737 317 135

* The balance of notes receivable represents the value of notes receivable received from real estate delivered units customers that are due within 12 months from the date of the financial position.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

20-2 Trade and notes receivable non-current

This item represents the present value of long-term trade and notes receivable, and debtors' balances as follows: -

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Trade receivable	9 531 077	7 689 600
Notes receivable – units' installments *	6 271 900 477	3 088 509 271
	6 281 431 554	3 096 198 871
Unamortized interest	(2 284 788 360)	(774 179 399)
	3 996 643 194	2 322 019 472
Expected credit losses	(36 306 140)	(13 260 795)
	3 960 337 054	2 308 758 677

* The balance of notes receivable installments represents the value of notes receivable received from real estate delivered units customers that are due after 12 months from the date of the financial position.

- Trade and notes receivable not included in the financial statements amounting to EGP 41.4 billion have been disclosed in note No. (50).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (45).

21. Debtors and other debit balances

21-1 Debtors and other debit balances - current

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Contractors and suppliers – advance payments	3 081 668 538	1 059 623 928
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	107 898 888	82 592 556
Due from related parties	3 975 085	12 794 339
Prepaid expenses and sales commissions	1 282 591 337	877 703 317
Deposits with others	23 069 720	22 033 590
Tax Authority	157 648 755	42 401 850
Due from the bonus and incentives plan to employees and managers fund	6 852 365	5 473 472
Heliopolis Development and Housing Company (21-1-1)	260 802 472	260 802 472
Bank accounts – Joint arrangements (21-1-2)	77 230 494	109 527 453
Bank current accounts & deposits - Maintenance (21-1-3)	2 700 809 225	1 804 417 932
Project maintenance receivables	325 156 820	203 074 886
Owners Union – Shahin (Note 19-2-1)	-	16 868 982
Defaulting service (21-1-4)	11 129 425	36 609 466
Other debit balances	57 561 018	29 232 290
	8 131 585 762	4 598 348 153
Expected credit losses	(158 213 553)	(109 002 579)
	7 973 372 209	4 489 345 574

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

- (21-1-1) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. Heliopolis Housing and Development Company will earn a share of the revenue, with minimum guarantee amounting to EGP 5.01 billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).
The board of directors, in its session held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the company during the next five years while maintaining the same present value and the overall time period of the reimbursements, On December 21, 2020, an appendix has been signed to amend some of the terms and conditions of the co-development contract.
- (21-1-2) This balance represents the company's share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner.
- (21-1-3) The balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units and cannot be used for any other purpose.
- (21-1-4) The balance represents the value held under the defaulting service account for each of the following:
- A - The facility granted by Ahli United Bank to discount checks for units delivered in the East Town project, where 5% of each discount transaction is held on account for the service of default, with the bank's full right to recourse
- B- Securities securitization portfolio at 7% of issued bonds, As SODIC for Securitization S.A.E., SODIC's wholly owned subsidiary announced on July 27, 2021, that it has successfully concluded its first securitization transaction by issuing an EGP 343 million securitization bond backed by receivables portfolio of some EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar. The bond comprises two tranches with tenors of 13 and 36 months which were assigned investment-grade credit ratings of AA+ and A respectively from Middle East Ratings and Investor Services (MERIS).
The details and coupon rates of the tranches are as follows:
- Tranche A with an amount of EGP 235 million, a tenor of 13 months, a credit rating of AA+, and a fixed coupon rate of 9.55%.
 - Tranche B with an amount of EGP 108 million, a tenor of 36 months, a credit rating of A, and a fixed coupon rate of 9.9%.
- Accordingly, the group has securitized a value of EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar from the portfolio of delivered units in accordance with the securitization portfolio transfer

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

contract dated June 20, 2021, and the transfer procedures have been completed and the securitization implemented According to the approval of the Financial Supervisory Authority dated July 27, 2021. As a result of the securitization process, the Group financial assets of EGP 2 950 664 representing the net present value of future gains, as well as financial assets of EGP 24 million representing the retained value of 7% of the issued bonds to be held on account for the service of default, collected Immediately upon issuing a letter of guarantee in favor of the bond holders and the custodian. On April 13, 2023, the Group's management decided to settle the entire remaining balance of the securitization bonds issued, on June 26, 2023, the remaining balance (principal and return) has been settled in favor of bondholders and the securitization portfolio has been closed and all accounts was settled with the custodian and government authorities.

21-2 Debtors and other debit balances – noncurrent

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Defaulting service - Securitization portfolio (21-1-4)	-	2 950 664
	-	2 950 664
Expected credit losses	-	(38 008)
	-	2 912 656

The Group's exposure to credit risk related to debtors and other debit balances is disclosed in note No. (45).

22. Loans to joint ventures

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
This item represents the loan granted to the Joint Venture project in the Syrian Arab Republic by the Group on August 16, 2010 for a total amount of USD 19.5 Million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before December 31, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 961	135 485 961
This item represents the utilized amount of the bridge loan granted to the Joint Venture project in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum.	74 583 147	72 718 192
	210 069 108	208 204 153
Expected credit losses	(210 069 108)	(208 204 153)
	-	-

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

23. Financial Investments at amortized cost

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Treasury bills at par value	806 200 000	1 252 825 000
Unearned return on treasury bills	(21 714 764)	(37 861 453)
	<u>784 485 236</u>	<u>1 214 963 547</u>
Expected credit losses	-	(3 130 930)
	<u>784 485 236</u>	<u>1 211 832 617</u>

The Group's exposure to market & interest risk related to the trading investments is disclosed in note No. (45).

24. Cash and cash equivalents

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Bank - time deposits *	930 448 475	1 093 012 091
Bank - current accounts	796 325 053	574 742 487
Checks under collection	152 385 202	18 381 339
Cash on hand	4 375 006	5 281 536
	<u>1 883 533 736</u>	<u>1 691 417 453</u>
Expected credit losses	(7 959 630)	(1 443 825)
	<u>1 875 574 106</u>	<u>1 689 973 628</u>

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents items are represented as follows:

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Cash and cash equivalents before ECL	1 883 533 736	1 691 417 453
Restricted deposits *	(15 366 477)	(15 909 308)
Cash and cash equivalents in the consolidated statement of cash flows	<u>1 868 167 259</u>	<u>1 675 508 145</u>

* Deposits include an amount of EGP 15.4 million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks.

The Group's exposure to interest rate risk and currency risk for cash and cash equivalents, which is disclosed in note No. (45).

Sixth of October for Development and Investment Company "SODIC"

Notes to the consolidated financial statements for the financial year ended December 31, 2023

25 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leasehold and owned properties improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost											
Cost at January 1, 2022	93 628 961	50 183 086	645 033 668	61 093 017	83 418 696	50 687 462	21 519 454	79 621 199	11 218 810	97 602 793	1 194 007 1
Additions during the year	-	-	2 351 991	14 235 334	5 941 754	8 985 306	4 101 601	8 725 703	-	4 390 562	48 732 2
Disposals during the year	-	-	-	(402 952)	(66 614)	(137 202)	-	(761 329)	-	(8 352 954)	(9 721 05
Cost at December 31, 2022	93 628 961	50 183 086	647 385 659	74 925 399	89 293 836	59 535 566	25 621 055	87 585 573	11 218 810	93 640 401	1 233 018 3
Cost at January 1, 2023	93 628 961	50 183 086	647 385 659	74 925 399	89 293 836	59 535 566	25 621 055	87 585 573	11 218 810	93 640 401	1 233 018 3
Additions during the year	-	-	7 342 340	4 415 640	4 020 999	6 425 808	1 256 818	6 772 066	-	2 414 219	32 647 8
Disposals during the year	-	-	(449 219)	(147 165)	(3 988 477)	(425 006)	(863 468)	(1 165 609)	-	(4 406 523)	(11 445 46
Cost at December 31, 2023	93 628 961	50 183 086	654 278 780	79 193 874	89 326 358	65 536 368	26 014 405	93 192 030	11 218 810	91 648 097	1 254 220 7
Accumulated depreciation and impairment losses											
Accumulated depreciation and impairment losses at January 1, 2022	93 628 961	-	83 897 586	33 873 708	41 010 647	34 494 650	18 448 303	39 845 811	858 227	69 382 848	415 440 7
Depreciation during the year	1 822 590	-	33 075 693	9 337 077	13 950 993	6 858 028	2 389 947	12 081 285	448 752	9 833 844	89 798 2
Accumulated depreciation of disposals during the year	-	-	-	(402 950)	(56 187)	(121 980)	-	(670 451)	-	(8 337 934)	(9 589 50
Reversal of impairment losses during the year	(1 822 590)	-	-	-	-	-	-	-	-	-	(1 822 59
Accumulated depreciation and impairment losses at December 31, 2022	93 628 961	-	116 973 279	42 807 835	54 905 453	41 230 698	20 838 250	51 256 645	1 306 979	70 878 758	493 826 8
Accumulated depreciation and impairment losses at January 1, 2023	93 628 961	-	116 973 279	42 807 835	54 905 453	41 230 698	20 838 250	51 256 645	1 306 979	70 878 758	493 826 8
Depreciation during the year	1 822 590	-	34 328 651	10 676 403	12 259 141	7 947 076	2 594 393	13 214 685	448 753	8 895 984	92 187 6
Accumulated depreciation of disposals during the year	-	-	(449 219)	(147 165)	(3 587 984)	(395 056)	(863 195)	(1 103 094)	-	(4 307 427)	(10 853 14
Reversal of impairment losses during the year	(1 822 590)	-	-	-	-	-	-	-	-	-	(1 822 59
Accumulated depreciation and impairment losses at December 31, 2023	93 628 961	-	150 852 711	53 337 073	63 576 610	48 782 718	22 569 448	63 368 236	1 755 732	75 467 315	573 338 8
Carrying amount											
Carrying amount at January 1, 2022	-	50 183 086	561 136 082	27 219 309	42 408 049	16 192 812	3 071 151	39 775 388	10 360 583	28 219 945	778 566 4
Carrying amount at December 31, 2022	-	50 183 086	530 412 380	32 117 564	34 388 383	18 304 868	4 782 805	36 328 928	9 911 831	22 761 643	739 191 4
Carrying amount at December 31, 2023	-	50 183 086	503 426 069	25 856 801	25 749 748	16 753 650	3 444 957	29 823 794	9 463 078	16 180 782	680 881 9

- Fixed assets included fully depreciated assets amounted to EGP 174 413 783 at December 31, 2023

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

26. Projects under construction

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Hotels buildings under constructions	104 398 714	104 398 714
Administrative buildings and caravans under construction	66 777 069	40 251 661
Advance payments -fixtures and purchasing of fixed assets	175 142	· 28 055
	<u>171 350 925</u>	<u>144 678 430</u>

27. Investment properties under development

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Projects in West Cairo	108 330 135	106 245 091
Projects in East Cairo	766 883 400	732 545 700
	<u>875 213 535</u>	<u>838 790 791</u>

28. Investments in associates

The Group has the following investments in associates:

	Legal Form	Ownership Percentage		Carrying amount	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
		<u>%</u>	<u>%</u>	<u>EGP</u>	<u>EGP</u>
Royal Gardens for Investment Property Co.	SAE	20	20	-	-
Palmyra SODIC Real Estate Development	Syrian Ltd.	50	50	-	-
				<u>-</u>	<u>-</u>

Summary of financial information of associates and joint ventures: -

	Assets <u>EGP</u> <u>In</u> <u>thousands</u>	Liabilities <u>EGP</u> <u>In thousands</u>	Equity <u>EGP</u> <u>In</u> <u>thousands</u>	Foreign translation <u>EGP</u> <u>In</u> <u>thousands</u>	Revenues <u>EGP</u> <u>In</u> <u>thousands</u>	Expenses <u>EGP</u> <u>In</u> <u>thousands</u>
<u>December 31, 2020</u>						
Royal Gardens for Real Estate Investments Co.	156 194	(159 464)	3 270	-	(1 048)	6 220
<u>December 31, 2019</u>						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
<u>December 31, 2021</u>						
Palmyra SODIC Real Estate Development (*)	22 502	(1 101 089)	1 078 587	552 778	-	6 797
<u>December 31, 2019</u>						
Palmyra SODIC Real Estate Development (*)	130 216	(1 113 822)	983 606	55 683	-	4 257

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- (*) On June 15, 2010, SODIC Syria was established - a limited liability company – to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 million. Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders. This situation coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

29. Investment properties

Investment properties include commercial, administrative and residential units leased out to others. The movement of the investment properties and its depreciation is as follows: -

Description

EGP

Cost

At January 1, 2022	403 428 144
Additions during the year	68 723 221
Transferred to completed units ready for sale	(2 201 745)
At December 31, 2022	469 949 620
At January 1, 2023	469 949 620
Additions during the year	733 169
At December 31, 2023	470 682 789

Less

Accumulated depreciation

At January 1, 2022	35 383 683
Depreciation for the year	22 558 771
Transferred to completed units ready for sale	(302 394)
At December 31, 2022	57 640 060
At January 1, 2023	57 640 060
Depreciation for the year	25 557 153
At December 31, 2023	83 197 213
Net carrying amount as of January 1, 2022	368 044 461
Net carrying amount as of December 31, 2022	412 309 560
Net carrying amount as of December 31, 2023	387 485 576

- The fair value of investment properties amounted to EGP 1 445 million as of December 31, 2023.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

30. Right of use assets and liabilities

30-1 Right of use – assets

This item represents the right of use resulting from lease contracts of sales offices, employees housing, software and photocopier as follows:

<u>Cost</u>	<u>EGP</u>
At January 1, 2023	91 151 164
Additions during the year	57 438 199
Disposal during the year	(50 708 513)
At December 31, 2023	97 880 850
<u>Less</u>	
<u>Accumulated amortization</u>	
At January 1, 2023	53 236 870
Amortization for the year	21 970 530
Accumulated amortization of disposals	(40 653 726)
At December 31, 2023	34 553 674
Net carrying amount as of January 1, 2023	37 914 294
Net carrying amount as of December 31, 2023	63 327 176

30-2 Lease contract liabilities

Present value of the total liabilities resulted from lease contracts are as follows:

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Total undiscounted lease contract liabilities	82 932 342	48 743 744
Unamortized interests	(15 231 855)	(10 249 365)
Net present value of lease contract liabilities	67 700 487	38 494 379
 Short-term lease liabilities	 24 718 517	 10 209 528
Long-term lease liabilities	42 981 970	28 284 851
	67 700 487	38 494 379

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

31. Share capital and reserves

31-1 Share capital

- The authorized capital of the Company is EGP 2.8 billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The board of directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 6 and 7 of the company statutes, The commercial register was modified on December 23, 2020.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- The current capital structure for the holding company:

Shareholder	Number of shares	Share value <u>EGP</u>	Ownership percentage <u>%</u>
ALDAR VENTURES INTERNATIONAL	213 240 140	852 960 560	59.87
GAMMA FORGE LIMITED	91 388 632	365 554 528	25.66
EKUIITY Holding for Investments	17 114 933	68 459 732	4.80
Olayan Saudi Investment Company	9 289 580	37 158 320	2.61
Other shareholders	25 164 083	100 656 332	7.06
	356 197 368	1 424 789 472	100

31-2 Legal reserve

The balance as of December 31, 2023 is represented as follows: -

	<u>EGP</u>
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium to the extent of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 to the extent of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium to the extent of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2019 net profit.	9 756 580
Increase in legal reserve by 5% of 2020 net profit.	1 154 136
The amount used to increase the issued share capital during 2011.	(2)
	224 840 771

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

31-3 Special reserve – share premium

The balance as of December 31, 2023 is represented as follows: -

<u>Description</u>	<u>EGP</u>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 at EGP 30 per share (after split).	21 375 000
The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
Share premium for issuing 3 273 263 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2019 as a result of execution	18 508 880
The value received from the sale of 7 052 169 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share.	65 373 607
Share premium for issuing 7 052 169 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2021 as a result of execution	34 927 494
Amounts transferred to the legal reserve	(167 855 516)
Capital increase – related expense	(55 240 255)
Amount used for share capital increase during 2008	(5 000 000)
Amount used for share capital increase during 2017	(13 556 380)
Amount used for share capital increase during 2019	(27 520 816)
Amount used for share capital increase during 2020	(28 073 984)
	<u>1 483 154 057</u>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

32. Profit from sale of treasury shares

- On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one Million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- On February 1, 2015, the Parent Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations. The conversion of the shares into treasury shares was executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares becomes EGP 1 725 456.

33. Non-controlling interest

Non-controlling interest balance as of December 31, 2023, represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage	Balance as of 31/12/2023	Excluding profit / (loss) for the year	Profit / (loss) for the year	Balance as of 31/12/2022
	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	462 290	418 453	43 837	418 453
Beverly Hills for Management of Cities and Resorts Co	55.54	30 312 127	30 087 283	224 844	30 087 283
SODIC Garden City for Development and Investment Co.	50	30 354 911	24 835 500	5 519 411	31 080 144
Al Yosr for Projects and Real Estate Development Co	0.001	33 237	17 466	15 771	17 466
SODIC for Development and Real Estate Investment Co.	0.001	20	20	-	20
Edara for Services of Cities and Resorts Co.	0.003	5 610	5 359	251	5 359
Fourteen for Real Estate Investment Co.	0.004	2	2	-	2
La Maison for Real Estate Investment Co.	0.004	2	2	-	2
		61 168 199	55 364 085	5 804 114	61 608 729

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

34. Loans

31/12/2023	31/12/2022
<u>EGP</u>	<u>EGP</u>
1 269 390 922	1 288 721 749

On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million according to the previous syndicated loan contract signed on April 4, 2017 on two tranches:

- First tranche amount to finance the total debt outstanding due to group of banks represented by Arab African International Bank.
- Second tranche to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.

Grace period:

A maximum of twenty-one months from the date of first drawdown.

Guarantees:

- The company pledges to deposit all proceeds from the sale of the project.
- The company is obligated to conclude a mortgage and assignment of a right of the first degree on the account of the project in favor of the bank.
- The company is obligated to conclude a mortgage procurement that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only.

The company is obligated to conclude an insurance policy on the construction work of the project in favor of the bank, with a coverage rate of 120%.

On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city, and on 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.

- 201 000 000

Guarantees:

- The Company committed to deposit all revenues from the sale of the project.
- The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.
- The Company shall get insurance cover 110% the project's constructions in favor of the bank.

Grace period:

Three years and six months applied on the principal of the loan only from the date of first drawdown.

Repayment:

Commences on March 2021, and repayable in (13) quarterly unequal installments.

After

1 269 390 922	1 489 721 749
---------------	---------------

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

	31/12/2023	31/12/2022
	EGP	EGP
Before	1 269 390 922	1 489 721 749
On December 26, 2019, one of the subsidiaries signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one Billion to finance Technical investment cost of EDNC Project.	550 000 000	550 000 000
<u>Guarantees:</u>		
– The Company committed to deposit all revenues from the project.		
– The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion		
The Company shall get insurance cover 110% the project's constructions in favor of the bank		
On September 20, 2020, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank in its capacity as the first lender, principal arranger, bank account, facilitating agent and guarantee agent for the purpose of obtaining a loan of 2.57 billion Egyptian pounds on two tranches , tranche (A) at an amount of 620 million Egyptian pounds To refinance the outstanding debt of the Arab African International Bank, and tranche (B), at an amount of 1.95 billion Egyptian pounds, to finance the cost of completing and developing the project through a financing model for real estate development	274 540 117	904 836 584
<u>Guarantees:</u>		
Mortgaging project accounts in favor of the escrow agent		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations		
<u>Availability period:</u>		
- Tranche (A) from the date of signing the agreement and ended on (November 30, 2020) or completing the process of refinancing the existing debt to the Arab African International Bank, whichever is sooner		
- Tranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022		
<u>Grace period:</u>		
Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan.		
<u>Repayment:</u>		
Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027		
After	2 093 931 039	2 944 558 333

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Before	2 093 931 039	2 944 558 333
On January 22, 2023, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank for the purpose of obtaining a loan of 2.75 billion Egyptian pounds, to finance the cost of completing and developing the project including the land cost.	460 000 000	-
<u>Guarantees:</u>		
Mortgaging project accounts in favor of the escrow agent		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations		
<u>Availability period:</u>		
- From the date of signing the agreement and ends on 31 December 2026.		
<u>Grace period:</u>		
Starting from the date of the first withdrawal and ending on 31 December 2026, this period applies to the principal amount of the loan.		
<u>Repayment:</u>		
Starts immediately after the end of the availability period and is paid over 16 quarterly installments ending in year 2030.		
	2 553 931 039	2 944 558 333
	(23 053 988)	(31 561 917)
	2 530 877 051	2 912 996 416
Unamortized borrowing cost		
<u>Current portion</u>		
A medium-term loan from CIB- October Plaza	-	80 000 000
A medium-term loan from CIB - EDNC	220 000 000	123 750 000
A medium-term syndicated loan contract Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank)	77 323 305	38 661 652
A medium-term with Arab African International Bank	191 825 356	130 296 468
	489 148 661	372 708 120
Unamortized transaction cost – current portion	(10 878 390)	(7 354 307)
Total of current portion	478 270 271	365 353 813
Total of non-current portion	2 052 606 780	2 547 642 603
	2 530 877 051	2 912 996 416

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

35. Bank facilities

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
On November 13, 2023, SODIC signed a revolving credit facility agreement with Commercial International bank for a total amount of EGP 1.2 billion for the purpose of financing the ongoing operations of Sodic projects, the facility has a tenor of seven years and is backed by receivables, representing future instrument for units delivered across SODIC's diverse projects	471 089 237	-
On June 13, 2022, one of the subsidiaries signed a facility contract with Ahli united bank ,to discount the checks of some delivered units in Eastown project issued from unit owners in favor of the company, the facility amount is not to exceed six hundred million Egyptian pounds of the net present value after calculating the discount rate and restricting 5% of each discount process be held on account for the service of default, with the bank's full right to recourse	222 588 498	250 623 193
	<u>693 677 735</u>	<u>250 623 193</u>

36. Creditors and notes payable

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Total par value of the checks issued to New Urban Communities Authority which are payable till September 8, 2027 (*)	618 702 076	866 543 790
Unamortized interest	(88 933 560)	(160 543 950)
	<u>529 768 516</u>	<u>705 999 840</u>

(*) On September 1, 2021, the New Urban Communities Authority approved the request submitted by (Al Yosr for Projects and Real Estate Development Co.) one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority (Note 19-1-B) with an area of 123.38 acres, equivalent to 518 329 62 square meters, with a total value of EGP 1 236 216 144 (excluding interests on installment).

On September 8, 2021, the Group completed the payment of the advance payment of 10% amounted EGP 123 621 614 and paid the value of administrative expenses and the Board of Trustees amounted EGP 18 543 242, the rest of the price of the land in addition to the interest on installments will be paid over five and a half years with 12 semi-annual installments starting from March 8, 2022 and ends on September 8, 2027.

On 6 April 2022, the New Urban Communities Authority sent a letter to amend the area of the plot of land from 123,387 acres to 115,34 acres, equivalent to 484.559,15 square meters, along with the adjustment of the installments and interest values according to the new area. The value of the land has been adjusted according to the contract annex in May 2022 to be EGP 1 155 673 572, and the land area allocated to the Group became 265.34 acres.

– The Group's exposure to credit risk related to long-term notes payable are disclosed in Note No. (45).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

37. New Urban Communities Authority

	31/12/2023			31/12/2022		
	The 464 acres land plot EGP	The 180 acres land plot EGP	Total EGP	The 464 acres land plot EGP	The 180 acres land plot EGP	Total EGP
New Urban Communities Authority	10 586 706 952	672 669 741	11 259 376 693	10 911 745 840	-	10 911 745 840
Unamortized interest	(5 860 826 407)	(209 325 520)	(6 070 151 927)	(6 545 837 240)	-	(6 545 837 240)
	4 725 880 545	463 344 221	5 189 224 766	4 365 908 600	-	4 365 908 600
Current portion	243 155 476	102 510 374	345 665 850	263 159 777	-	263 159 777
Non-current portion	4 482 725 069	360 833 847	4 843 558 916	4 102 748 823	-	4 102 748 823
New Urban Communities Authority	4 725 880 545	463 344 221	5 189 224 766	4 365 908 600	-	4 365 908 600

A- The 464 acres land plot

On March 21, 2019, a co-development agreement was signed between the Group and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 464.81 acres (previously 500 acres) under deficit or increase, according to the contract, NUCA share in return of the land includes an advance payment, cash settlement and a percentage of the project expected revenues with a total minimum value of EGP 11.356 billion. The co-development contract annex was signed on June 27, 2022.

B- The 180 acres land plot

On August 1st, 2023, a subsidiary of the Group signed a contract with the New Urban Communities Authority to acquire a plot of land area approximately 180 acres with a total amount of EGP 807.5 million. the down payment amount was paid, and the rest of the price and interest will be paid over 10 consecutive semi-annual installments (Note 19-2-2).

38. Land acquisition creditors

	31/12/2023	31/12/2022
	EGP	EGP
Owners Union – Shahin	2 105 444 625	2 327 070 375
Unamortized interest	(861 162 495)	(1 047 935 143)
	1 244 282 130	1 279 135 232
Current portion	61 664 013	34 853 101
Non-current portion	1 182 618 117	1 244 282 131
	1 244 282 130	1 279 135 232

The balance represents the present value of the deferred installments due to Owners Union – Shahin for the fixed payments of the co-development contract as mentioned in detail in Note No. (19-2-1).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

39. Advances - from customers

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Advances – Projects in West Cairo	5 186 710 884	3 702 662 210
Advances – Projects in East Cairo (*)	2 573 199 869	2 711 966 507
Advances – Projects on the North Coast	3 878 807 390	1 721 974 601
Advances – Clubs memberships	733 611 337	518 287 514
Advances for other group activities	56 280 235	45 504 995
	<u>12 428 609 715</u>	<u>8 700 395 827</u>

- Includes an amount of EGP 1.4 billion representing the value of financial component on installments collected from customers.
- (*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 076 872 507 which represents the net advances from customers of SODIC EAST project with a total value of EGP 2 253 432 755 The total value has been reduced by EGP 1 176 560 248, which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner approximately).
- Uncollected notes receivable for undelivered units, amounting to EGP 38.99 billion that are not included in the financial statements have been disclosed in note No. (50).

40. Contractors, suppliers and notes payable

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Contractors	91 950 950	44 271 956
Suppliers	76 710 625	68 741 483
Notes payable (*)	493 249 058	435 851 162
	<u>661 910 633</u>	<u>548 864 601</u>
Unamortized interest - notes payable	(71 610 391)	(92 119 311)
	<u>590 300 242</u>	<u>456 745 290</u>

- (*) Notes payables include EGP 213 million which represents the amount due to the New Urban Communities Authority
- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note No. (45).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

41. Creditors and other credit balances

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Amounts collected on account for management, operation, and maintenance of projects *	2 796 758 629	1 921 165 992
Accrued expenses	394 517 310	274 777 264
Customers - Beverly Hills – capital contributions	14 644 407	14 465 041
Customers – credit balances	141 233 977	90 168 161
Tax Authority	160 434 813	84 476 000
Accrued compensated absence	15 656 343	9 087 782
Insurance Deposits collected from customers – Against modifications	8 633 703	4 088 081
Social insurance – Contractors	51 429 865	29 819 320
Unearned revenue	2 704 740	2 205 660
Retentions	398 613 432	329 623 083
Deposits from others	229 517 379	84 506 181
Sundry creditors short term	73 451 254	33 284 318
	<u>4 287 595 852</u>	<u>2 877 666 883</u>

* Uncollected notes receivable for maintenance of undelivered units amounting to EGP 2.39 billion, have been disclosed in note No. (50).

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (45).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

42. Provisions

A- Provision for completion of works

	Balance as at 1/1/2023 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2023 <u>EGP</u>
Provision for completion of works	960 837 595	1 468 784 131	(643 711 109)	-	1 785 910 617
	<u>960 837 595</u>	<u>1 468 784 131</u>	<u>(643 711 109)</u>	<u>-</u>	<u>1 785 910 617</u>

This provision is for estimated costs related to delivered units and expected to be incurred in the following years to complete the execution of the project in its final stage.

B- Claims provisions

	Balance as at 1/1/2023 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2023 <u>EGP</u>
Provision for expected claims	65 083 689	101 697 653	(28 498 927)	(3 500 000)	134 782 415
	<u>65 083 689</u>	<u>101 697 653</u>	<u>(28 498 927)</u>	<u>(3 500 000)</u>	<u>134 782 415</u>

- The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.
- The Company did not disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

C- Onerous contracts provision

	Balance as at 1/1/2023 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2023 <u>EGP</u>
Onerous contracts provision	97 491 234	-	-	(97 491 234)	-
	<u>97 491 234</u>	<u>-</u>	<u>-</u>	<u>(97 491 234)</u>	<u>-</u>

The provision is formed for onerous contracts as shown in detail in note (7).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

43. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31, 2023, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	EGP
Return on investment at amortized cost capitalized to work in process	68 953 279
Loans unamortized cost	8 507 942
Transfer between investment properties and work in process	(20 799 641)
Transfer between work in process and completed units available for sale	727 028 419

44. Fair values

Fair values versus carrying values

Financial instruments for the group are, cash at banks and on hand, financial investments at amortized cost, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts.

The main purpose of these financial instruments is to provide funding for the activities of the group.

According to the valuation techniques followed in evaluating the assets and liabilities of the group, the carrying value of these financial instruments represents a reasonable estimate of their fair value.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year. In addition, The Company is not subject to externally imposed capital requirements.

45. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly associated with the Company's customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the demographics of the Group's customer base, which includes the default risk of the industry which has less influence on credit risk.

All of the Group's revenues is attributable to sales transactions with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtains advance payments and cheques that cover the full sales value in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers.

Sales of units are made subject to retention of title clauses and the ownership title is transferred only after the collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid on the date of the default after deducting a 5% to 10% of this value. As for the leased units, an insurance is obtained for the unit equivalent to the value of three months of the unit rent at the beginning of the contract, and this insurance applies to the terms of termination of the contract mentioned in the contract (the twelfth clause of the contract), where the insurance is refunded to the customer in the event of his commitment to the terms of termination. Also, quarterly checks are obtained from customers at the rental value, including maintenance expenses, according to the financial clause of the contract.

Investments

The Company manages the risk via conducting detailed investment studies which are reviewed by the Board of Directors. The Company's management does not expect any counterparty to fail to meet their obligations.

Guarantees

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate year including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following limits of credit:

- EGP 5 million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 570 million.
- A medium-term loan in the amount of EGP 2 570 million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 2 750 million for one of the subsidiaries.
- A facility contract to discount the checks of some delivered units and issued from unit owners in favor of the company in the amount of EGP 600 million for one of the subsidiaries.

A facility contract to finance ongoing operations of SODIC projects with an amount of EGP 1 200 million for one of the subsidiaries.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

d) Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD, EUR and GBP.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The Parent Company does not enter into hedging contracts for foreign currencies.

e) Interest rate risk

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

f) Other market price risk

Equity price risk arises from available-for-sale equity securities, the management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and selling decisions are approved by the Company's Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

45-1 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at December 31, 2023, as follows:

	Note	31/12/2023	31/12/2022
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Trade and notes receivable – non-current	(20)	3 996 643 194	2 322 019 472
Trade and notes receivable – current	(20)	2 782 463 909	1 753 356 557
Debtors and other debit balances – non-current	(21)	-	2 950 664
Debtors and other debit balances – current	(21)	6 848 994 425	3 720 644 836
Investments at amortized cost	(23)	784 485 236	1 214 963 547
Cash at banks	(24)	1 879 158 730	1 686 135 917
		16 291 745 494	10 700 070 993

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

45-2 Liquidity risk

The following are the contractual terms of financial liabilities:

<u>December 31, 2023</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Bank Facilities	693 677 735	693 677 735	-	-
Loans	2 530 877 051	478 270 271	520 361 253	1 532 245 527
Contractors and suppliers	129 459 724	129 459 724	-	-
Notes payable	951 407 183	421 638 667	138 104 310	391 664 206
New Urban Communities Authority	5 189 224 766	345 665 850	1 029 989 944	3 813 568 972
Land acquisition creditors	1 244 282 130	61 664 013	221 625 750	960 992 367
Lease contracts liabilities	67 700 487	24 718 517	20 675 416	22 306 554
Other creditors	4 836 426 187	4 836 426 187	-	-
	15 643 055 263	6 991 520 964	1 930 756 673	6 720 777 626

<u>December 31, 2022</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Loans	3 163 619 609	495 755 556	1 050 473 930	1 617 390 123
Contractors and suppliers	113 013 439	113 013 439	-	-
Notes payable	1 049 731 691	343 731 851	405 123 837	300 876 003
New Urban Communities Authority	4 365 908 600	263 159 777	599 759 632	3 502 989 191
Land acquisition creditors	1 279 135 232	34 853 101	30 233 992	1 214 048 139
Lease contracts liabilities	38 494 379	10 209 528	8 241 647	20 043 204
Other creditors	3 239 870 496	2 307 884 906	907 160 407	24 825 183
	13 249 773 446	3 568 608 158	3 000 993 445	6 680 171 843

45-3 Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk for main currencies was as follows:

December 31, 2023

Description	<u>USD</u>	<u>Euro</u>	<u>GBP</u>
Cash at banks	13 383 499	27 583	36 917
Surplus of foreign currencies	13 383 499	27 583	36 917

December 31, 2022

Description	<u>USD</u>	<u>Euro</u>	<u>GBP</u>
Cash at banks	13 927 083	714 136	36 945
Surplus of foreign currencies	13 927 083	714 136	36 945

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

The following is the average exchange rates during the year:

	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
USD	29.23	17.96	30.75	24.68
Euro	31.83	19.49	33.93	26.19
GBP	36.27	22.52	39.05	29.65

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	<u>Strengthening</u>	<u>Weakening</u>
	<u>EGP</u>	<u>EGP</u>
USD	20 577 130	(20 577 130)
Euro	46 795	(46 795)
GBP	72 080	(72 080)
	<u>20 696 005</u>	<u>(20 696 005)</u>

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2022, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	<u>Strengthening</u>	<u>Weakening</u>
	<u>EGP</u>	<u>EGP</u>
USD	17 186 020	(17 186 020)
Euro	935 161	(935 161)
GBP	54 771	(54 771)
	<u>18 175 952</u>	<u>(18 175 952)</u>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

45-4 Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows: -

	<u>Carrying amount</u>	
	31/12/2023	31/12/2022
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Financial assets	8 429 687 604	6 405 826 221
Financial liabilities	(738 486 198)	(781 086 133)
	<u>7 691 201 406</u>	<u>5 624 740 088</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	(3 224 554 786)	(3 163 619 609)
	<u>(3 224 554 786)</u>	<u>(3 163 619 609)</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated statement of profit or loss.

46. Transactions with related parties

Related parties are represented in the Parent Company' shareholders, Board of Directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or control over these companies. The Parent Company made several transactions with related parties during the year and these transactions have been made in accordance with the terms determined by the group's management. Summary of significant transactions concluded during the year and the resulting balances of the related parties at the consolidated balance sheet date were as follows: -

a) Transactions with related parties

<u>Party / Relationship</u>	<u>Nature of transaction</u>	31/12/2023
		<u>Amount of transaction</u> <u>EGP</u>
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	105 983 271
Beltone Financial Holding (*) (One of its representatives is a member of the Board of Directors)	Sale of a building in EDNC project for	1 113 912 000
Al Dar Egypt	Payments on behalf	(8 819 254)

(*) On July 12, 2023, the Ordinary General Assembly of SODIC approved selling of one Building at EDNC project which is owned by one of the Company's subsidiaries to Beltone Financial Holding, a related party, that one of the Company's Board of Directors members is the CEO of Beltone Financial Holding, amounted to EGP 1 113 912 000, and the building was delivered on October 4, 2023.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

b) Balances resulting from transactions with related parties:

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/12/2023</u> <u>EGP</u>	<u>31/12/2022</u> <u>EGP</u>
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	210 704 450	208 204 153
	Accrued interest on loan under debtors and other debit balances caption	65 482 130	65 482 130
	Accrued on – related parties joint venture under debtor and other debit balances caption	35 191 620	35 191 620
Al Dar Egypt	Debtors & other debit balances	323 417	9 142 671

* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in note No. (21 & 22).

47. Tax status

Summary of the Company's tax status at the separate financial statements date is as follows: -

Corporate tax

- Years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- Years 2019 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments and pays the due tax.

Salary tax

- Years 1996 to 2020 have been inspected and tax differences have been paid and settled.
- Years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on due dates in accordance with the law.

Withholding tax

- The Company pays the withholding tax on due dates in accordance with the law.

Stamp tax

- Tax inspection was carried out from 1996 to 2020, and tax differences have been fully paid.
- Years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits stamp tax returns on a regular basis and pays the accrued taxes on due dates in accordance with the law.

Sales/value added tax

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits the value-added tax returns on a regular basis and pays the accrued taxes on due dates in accordance with the law.

Real estate property tax

- The Company submitted its real estate property tax returns of year 2009 on due dates in accordance with Law No. 196 of 2008.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

48. Capital commitments.

The value of contracts concluded with third parties for work in progress and real estate investments under development amounted to EGP 10.4 billion (EGP 13.15 billion as of December 31, 2022), and executed works till December 31, 2023, amounted to EGP 3.7 billion (EGP 8.57 billion as of 31 December 2022).

49. Contingent liabilities

The Group signed a credit facility contract with the Commercial International Bank to issue letters of guarantee with a credit limit of EGP 221 625 750, for the purpose of issuing letters of guarantee for checks issued to the Owners Union – Shahin. The letters of guarantee are subject to renewal and modification as the issuance of checks continues until the final settlement of the fixed installments due to the owner according to the co-development contract concluded between one of the subsidiaries and the Owners Union – Shahin.

The Group signed a credit facility contract with the Commercial International Bank to issue letters of guarantee with a credit limit of EGP 26 704 450, for the purpose of issuing letters of guarantee for installment due to New Urban Communities Authority for acquiring a plot of land area approximately 180 acres in North Coast.

The Group issued a letter of guarantee for a third party amounting to EGP 1 million as restricted deposit.

50. Post-dated checks (off balance sheet)

The value of post-dated checks and installment customers are not included in the consolidated statement of financial position items - for the undelivered units, is the value of the post-dated checks retained and received from customers according to the payment terms of each customer in accordance with the contracts, as well as the value of future installments that have not received checks on them where the contract was made and the payment was collected in advance and no future checks have been presented for the rest of the unit value until the date of the financial position, and its statement is as follows:

	Note	31/12/2023	31/12/2022
	No.	EGP	EGP
Postdated checks clients and unit's installments	(38)	38 992 436 755	25 510 595 519
Postdated checks customers cancellations	(40)	39 688 652	19 252 005
Postdated checks clients and maintenance installments	(40)	2 352 775 119	1 525 649 231
		41 384 900 526	27 055 496 755
These are due			
Checks due short term	(20)	7 540 270 327	5 145 424 848
Checks due long term	(20)	33 844 630 199	21 910 071 907
		41 384 900 526	27 055 496 755

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

51. Legal status

- (51-1)** There is a dispute between the parent Company and another party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment was issued by the court in its session held on February 22, 2010, to refer this matter to experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010, for the expert to present his report. The session was postponed by the court several times, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010 by refusing the case. On November 3, 2021, the Court of Appeal again decided to refuse the appeal. Consequently, the judgment mentioned in the November 24, 2014 session in favor of the Company became final.

On January 2, 2022, the aforementioned body appealed the above-mentioned ruling and registered to No. 20964 of 91 judicial year in order to cancel the contested ruling - issued in Appeal No. 218 of 123 judicial year at the November 3, 2021 session. The Company and its legal advisor see the strength of the Company's legal position as the contract did not enter into force from the grounds that the appellant failed to implement his contractual obligations represented in not obtaining the approval of the general assembly and the competent administrative authorities in accordance with the provisions of this contract.

- (51-2)** There is a dispute between a subsidiary of the Group and the owners of some commercial units sold by that Company about claiming financial compensation for not issuing a commercial license to the property and claiming financial compensation as a result. On December 29, 2021, the court ruled to dismiss the case in favor of the Group's subsidiary. These owners appealed the court ruling and demanded the case to be referred to the Committee of Experts at the Ministry of Justice, The Court of Appeal issued a preliminary ruling assigning an expert from the Office of the Ministry of Justice to examine the extent to which both parties to the dispute carried out their contractual obligations and to state whether the respondent, in his capacity, had obtained all the necessary licenses to operate the mall. The assigned expert did not file his report on the case until the date of the consolidated financial statements issuance.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

52. Significant accounting policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements.

52-1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration meets the definition of financial instrument as classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a) Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
- Subsidiaries are represented in the following: -

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at</u>	<u>As at</u>
		<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>%</u>	<u>%</u>
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E	Egypt	44.46	44.46
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Real Estate Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E (**)	Egypt	-	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	99.99	99.99
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (*)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100
16- El Diwan for Real Estate Development Company (**)	Egypt	-	100
17- SODIC for Clubs Company	Egypt	100	100

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- (*) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in the Syrian Arab Republic.
- (**) On June 5, 2023 both SODIC for Golf and Tourist Development Co and El Diwan for Real Estate Development Company were fully liquidated and their commercial registers were erased.

b) Non-controlling interests

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

d) Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group share of the profit or loss and OCI of equity-accounted investees.

e) Transaction elimination on consolidation

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

52-2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Financial assets at fair value through OCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

to the extent that the hedge is effective.

- Qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

- Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

52-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held – for - sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

52-4 Revenue from Contracts with Customers

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified:

- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

- b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.
 - For performance obligations, if one of the above conditions is met, revenue is recognized in the year in which the Company satisfies performance obligation.
- 2. When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

- The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

- The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

- Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. This method is applied consistently throughout the contract and for identical types of contracts.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

The significant funding component

- The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Revenue recognition

a. Real estate and land sales

- Revenue from sale of residential units, offices, commercial shops, service, and villas and for which contracts were concluded is recorded when upon transferring control to customers whether the said units have been completed or semi – completed (finished or semi-finished) at a value that reflects the expected value of the company in exchange for those units. To reflect those units / lands at a certain point of time.
- Revenues from sale of units/lands is recognized net after deducting the value of sales returns and deducting discounts granted to customers for early payment of future installments of the units over which control has transferred to customers.
- Revenues from sale of units/lands also includes the value of interest on installments collected during the financial year / period from previous years' sales.

The significant funding component

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.
- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

b. Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

c. Rental income

Rental income is recognized on a straight-line basis over the lease term.

d. Interest income

Interest income is recognized using the accrual basis, considering the period of time and effective interest rate.

e. Commission revenue

Commission revenue is recognized in the consolidated statement of profit or loss according to the accrual basis of accounting.

f. Dividends

Dividends income is recognized in the consolidated statement of profit or loss on the date the Company's right to receive payments is established.

g. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations orders in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately formed whenever such losses are determined.

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to such work.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

h. Sale of goods revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

i. Gain on sale of investments

Gain on sale of financial investments is recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

52-5 Employee benefit

a) Short – term employee benefits

Short - term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to accrual basis.

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is limited to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended from February 1, 2023.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

52-6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on financial assets at fair value through profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

52-7 Income Tax

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

a) Current income tax

The current tax for the current year and prior years and that have not been paid are recognized as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognized as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Dividends are subject to tax as part of the current tax. Tax assets and liabilities are set-off only when certain conditions are met.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
 - a. Is not a business combination.
 - b. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the company's future business plans. Deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set-off only if certain conditions are met.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

52-8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.

The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.

52-9 Completed units ready for sale

Completed units ready for sale are stated at cost or net realizable value, whichever is lower. Cost is calculated based on the product of the total area of the remaining units ready for sale on the reporting date multiplied by the average cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labour cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

52-10 Work in process

- a) All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.
- b) For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

52-11 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

b) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item and is generally recognized in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative years are as follow:

<u>Asset</u>	<u>Years</u>
Buildings and construction works	5-20
Caravans	5-10
Vehicles and transportation	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Solar stations	25
<u>Golf course assets</u>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

52-12 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and ready for their intended use.

52-13 Investments properties under development

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Investments properties under development are transferred to Investments properties caption when they are completed and ready for their intended use.

52-14 Intangible assets and goodwill

a) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Research and development:

- Expenditure on research activities is recognized in profit or loss as incurred
- Development expenditure is recognized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

III. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalized only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

c) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognized in profit or loss.

Goodwill is not amortized.

52-15 Investment properties

This item includes properties held for rent or increase in its value or both of them, Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Depreciation is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Leased units	20
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

52-16 Financial instruments

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Company, with the exception of the following accounting policy, which came into effect starting from January 1, 2020.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

Financial assets- Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

Financial assets – Subsequent measurement and gains and losses

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

52-17 Share capital

1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

2) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

52-18 Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.
- The Group applied the Prime Minister's Decree No. (4575) of 2023 that was issued amending some provisions of the Egyptian Accounting standards, by exempting debt instruments issued by the Egyptian government in local currency at banks operating in Egypt with a maturity of one month or less from recognizing and measuring the expected credit loss starting from the date of the financial position.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

52-19 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects' utility works (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) in their final form as determined by the Company's technical department. The necessary provision is reviewed at the end of each reporting year until finalization of all the project works.

Onerous contracts provision

If the Group has a contract that is onerous, the present obligations under onerous contracts are recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

52-20 Lease contracts

1) Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Initially or when evaluating any arrangement that contains a contract lease, the Company separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Company concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled and the finance cost calculated on the obligation is recognized using the Company's additional borrowing rate.

2) Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

3) Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

52-21 Cash and cash equivalents

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection and time deposits, that have maturity date less than three months from the purchase date. Also Bank overdrafts that are repayable on demand are considered a complementary part of the Group's cash management.

52-22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of the qualifying asset, which require a long period to be prepared for use in its intended purposes or sold as part of the cost of the asset, and other borrowing costs are charged as an expense in the year in which they are incurred. The borrowing costs represent in the interest and other costs incurred by the Company to borrow the funds.

52-23 Interest –bearing borrowings

Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the statement of profit or loss over the year of the borrowing using the effective interest rate.

52-24 Cost of sold lands

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

52-25 Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

52-26 Earnings / (losses) per share

Earnings / (losses) per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

53. New Editions and Amendments to Egyptian Accounting Standards

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, The following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>There is no impact on the financial statements, as the current applied accounting policy was not changed.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> - The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. - The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented 	<p>There is no impact on the financial statements.</p>	<p>These amendments are effective for annual financial periods starting <u>on or after January 1, 2023, retrospectively</u>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>There is no impact on the financial statements, as the current applied accounting policy was not changed.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023 retrospectively</u>, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2023

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<ol style="list-style-type: none"> 1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	<p>There is no impact on the financial statements.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>